



State of Utah

Department of
Natural Resources

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Division of
Oil, Gas & Mining

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Lieutenant Governor

November 1, 2004

Mr. Earl White
American Gilsonite Company
HC 72 Box 28
Vernal, Utah 84078-9284

Subject: Reclamation Responsibility for Site B-14, American Gilsonite
Company, Bonanza Mines, M/047/010, Uintah County, Utah

Dear Mr. White:

On July 28, 2004, the Division received an electronic mail message (copy enclosed) from Clay Taylor, requesting that site B-14 be removed from the reclamation list because American Gilsonite (AGC) does not consider the site to be re-impacted. Alternatively, he asked that the Division demonstrate why AGC is required to reclaim this site.

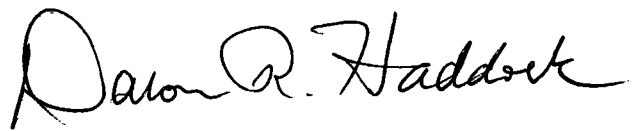
Correspondence in the Division's file indicates the shaft at this site was disturbed prior to passage of the Mined Land Reclamation Act but that a pump was installed in the shaft in the 1980's to dewater the vein. Since the site was re-affected by mine-related activities, it was determined the site should be reclaimed under the Mined Land Reclamation Act by placing a cap over the shaft.

In 2001 when the Division evaluated the reclamation bond, site B-14 was listed in the cost estimate summary as "Pre-law, reimpacted, need shaft cap". At that time, the Division asked for comments accepting or correcting the revised information. Subsequent correspondence from AGC included no comments about this site, and a letter dated August 2, 2001 (copy enclosed), accepts the bond amount of \$514,000, which includes reclamation of site B-14. Therefore, we believe AGC has already accepted responsibility for reclaiming this site.

Earl White
Page 2 of 2
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If you have further concerns or questions about this site, please
contact me at 801-538-5325.

Sincerely,

A handwritten signature in black ink that reads "Daron R. Haddock". The signature is fluid and cursive, with the first name "Daron" being more prominent than the last name "Haddock".

Daron R. Haddock
Permit Supervisor
Minerals Regulatory Program

DRH:PBB:jb
Enclosures: 1/28/04 message, 8/2/01 letter
cc: Stan Perkes, BLM State Office
Pete Sokolosky, BLM Vernal Office
O:\M047-Uintah\M0470010-AGC\final\deny-11012004.doc

From: "Clay Taylor" <ctaylor@amgc.com>
To: "Paul Baker" <paulbaker@utah.gov>
Date: 7/28/04 7:41AM
Subject: B-14 Mine

Paul,

Our reclamation list carries B-14 mine because of it being "re-impacted". B-14 was mined in the 1940's. Some years back, American Gilsonite Company (AGC) installed a water pump in B-14. AGC did not carry out mining operations in B-14 and does not consider B-14 re-impacted. I request that B-14 be removed from the reclamation list or have your agency demonstrate why AGC is required to reclaim this site.

Clay

CC: "Earl" <ewhite@amgc.com>



American Gilsonite Company

Bonanza Minesite

HC 73 Box 28

Vernal Utah 84078-9284 • Phone (435) 789-1921 • Fax (435) 789-1956

m/047/010

State of Utah, Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Salt Lake City, Utah 84114

Attn: D. Wayne Hedberg
Permit Supervisor

8/2/01

Re: Reclamation Bonding for American Gilsonite Company (AGC), Bonanza
Operations

Dear Mr. Hedberg

American Gilsonite Company would like to thank the Division for the time and effort you have spent on this Reclamation Bonding Project.

AGC accepts the \$514,000 year 2006 dollars for our bonding requirements. We are currently locating a bonding company that meets your requirements, and anticipate closing this issue by Aug. 31, 2001.

Thank you,

Lee Jenkins
Environmental Coordinator

A handwritten signature in black ink, appearing to be "Lee Jenkins", written over the printed name and title.

RECEIVED

AUG 6 2001

DIVISION OF
OIL, GAS AND MINING